



**Audit Committee**  
**6 March 2014**

**Members:**

Barrie Senior	Chairman of Audit Committee & Non-Executive Director
Elaine Bond	Non-Executive Director
Pat Drake	Non-Executive Director
Mary Wareing	Non-Executive Director
Erfana Mahmood (EM)	Non-Executive Director
Rod Barnes (RB)	Executive Director of Finance & Performance
Anna Rispin	Associate Director of Finance
Benita Jones	Internal Audit
Nicky Cooke	External Audit
Shaun Fleming	Counter Fraud
Steve Page	Executive Director of Standards & Compliance

**Apologies:**

Paul Thomson	External Audit
Paul Webster	Internal Audit
Ian Brandwood	Executive Director of People & Engagement

**In Attendance:**

John Nutton	Non-Executive Director (Designate)
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**Minutes:**

Jo Wilson (JW)	Executive PA
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The meeting commenced at 1330 hours.

1.0	<b>Introduction &amp; Apologies</b> Apologies were received as above.	
2.0	<b>Declaration of Interests for any item on the agenda</b> There were no declarations of interest relating to agenda items.	
3.0	<b>Minutes of last meeting</b> The Chairman noted that the version of the draft minutes circulated in the papers was not the latest version thereof. Based upon his detailed review they appeared incomplete in respect of three agreed actions and a number of omitted sub-headings to aid clarity.  The Chairman confirmed that the Action Log circulated was complete and recommended that the draft minutes, once corrected in respect of the incomplete actions, with a resultant correction to later action reference numbers quoted in the draft minutes, be accepted as a true representation.	

	The Committee members unanimously agreed to this proposal.	
4.0	<p><b>Action Log &amp; Matters Arising</b>  <b>2012/43 and 2013/41 – Fleet Management Actions</b>  Covered in the Internal Audit Report at agenda item 15.0. Action closed.</p> <p><b>2012/87 – Fraud Benchmarking</b>  SF reported that he was still awaiting formal report and would share the information once received.</p> <p><b>2013/10 and 2013/42 – Clinical Governance, Clinical Risk Management and Clinical Audit</b>  It was agreed that these matters had been adequately covered by the Quality Committee and adequately in the QC paper at agenda item 11.0. Action closed.</p> <p><b>2013/53 – IA Progress Report</b>  No issues raised – three week report turnaround timescale being applied. Action closed.</p> <p><b>2013/56 - IA Progress Report</b>  Assurance provided in Agenda Item 12.0. Action closed.</p> <p><b>2013/60 - IA Progress Report</b>  All defibrillators are being maintained within their service window with the exception of one or two that have been misplaced within the East Yorkshire locality. Replacement devices have been sent out by the Equipment Team. The expectation is the backlog will be eradicated by July 2014. Action closed.</p> <p><b>2013/61 &amp; 2013/63 - IA Progress Report</b>  Three week report turnaround timetable being applied. Follow up system for Trust in development. Highlighted in progress report. Action closed.</p> <p><b>2013/64 – Compliance with Audit Recommendations</b>  BJ advised that discussion had taken place with Executive Directors concerned and she would report back if there is an issue. Action closed.</p> <p><b>2013/68 – IA and Counter Fraud Plan</b>  BJ confirmed that the updated BAF had been mapped to Audit Plan and included in Planning Report. Action closed.</p> <p><b>2013/84 - IPR</b>  Included in agenda Item 12.0. Action closed.</p> <p><b>2013/85 - Action Log – Audit Committee Self-Evaluation</b>  Specification and format agreed. Session took place 13 January 2014 and report issued 14.1.14. Action closed.</p>	

**2013/86 - Internal Audit Progress Report**

All expected start and end dates for planned audits now included in the AC dashboard within the progress report. Action closed.

**2013/87 – Internal Audit Progress Report**

Meetings booked in for all Executive Directors and slots in TEG to engage in holistic consultation and approval of plan. Action closed.

**2013/88 – Internal Audit Progress Report**

RB confirmed that he had spoken to the Trust Secretary regarding the Audit action for the Board to undertake an effectiveness review. The Business Effectiveness Review was confirmed for April/May. Action closed.

**2013/89 – Internal Audit Progress Report**

Further ECS testing report on agenda (which refers to previous reports). Action closed.

**2013/90 – Internal Audit Progress Report**

Built into report summaries for reviews attracting significant assurance as part of AC progress reports. Details will be available for limited assurance reviews as full report are included in IA progress report. Action closed.

**2013/91 – Internal Audit Progress Report**

Prescription-only medicines have monthly stock audits by clinical supervisors. Both this audit and recent CQC inspection highlighted lack of consistency in completion of audits and forms. Ultimately the plan (made ready approach) will alter the systems around this but in the meantime records have been made to ensure consistency of completion and compliance to be measured in the IPR from April 2014. Full report and action plan to be circulated. Action remains open.

**2013/92 – Internal Audit Progress Report – Medicine Security**

The author of the report was not required to attend February 2014 QC. Action closed.

**2013/93 - Internal Audit Progress Report – Medicine Security**

Previous reports circulated to AC members see also 2013/91. Action closed.

**2013/94 – Internal Audit Progress Report – HR Report**

BJ discussed with BS and agreed to provide clarified wording on ICT operational security report. Action remains open.

**2013/95 – Internal Audit Progress Report**

Follow up of procurement audit included in IA Progress Update. Action closed.

	<p><b>2013/96 – Internal Audit Progress Report</b> This is to be discussed with BS and RB outside of the meeting following which a verbal update the audit committee on next steps. Action remains open.</p> <p><b>2013/97 - Counter Fraud</b> Picked up in Counter Fraud Update Report agenda item 15.1. Action closed.</p> <p><b>2013/99 and 2013/100 – Datix Progress Report</b> Covered in agenda item 8.1. Action closed.</p> <p><b>2013/101 - People &amp; Engagement Update</b> IB not in attendance but to be invited to the next meeting. Action remains open.</p> <p><b>2013/106 – External Audit Review</b> Areas being reviewed by the External Audit VFM audit included Cost Improvement Programme, FT journey, operational performance and NHS 111 performance. Action closed</p> <p><b>2013/107 - Annual SFI/SO Review</b> Action remains open.</p> <p><b>2013/108 - Losses</b> Report circulated. Action closed.</p> <p><b>2013/109 - People &amp; Engagement</b> This should be closed off formally. Letter to be sent to DH regarding culture. Action closed.</p> <p><b>2013/111 – Review of Meeting</b> Date and time of meeting confirmed. Action closed.</p>	
5.0	<p><b>Audit Committee Self-Assessment</b> BS had previously circulated the Audit Committee Effectiveness Session Report facilitated and produced by Mersey Internal Audit Agency in January 2014. The Committee were asked to review the report and agree a way forward for the recommended actions.</p> <p>The Committee agreed that the session had been excellent and very useful in the self-assessment process. It was noted that it would be appropriate for the same method to be used to review the self-assessment and Terms of Reference of both the Quality Committee (QC) and Finance &amp; Investment Committee (F&amp;IC).</p> <p><u>Development Plan Section A1 – Terms of Reference</u> The Committee discussed the wording reviewed around reference and disclosure statements. Non-Executive Directors agreed with BS that it was the Trust Board’s responsibility to produce true and fair financial statements.</p>	

	<p><b>Action:</b>  <b>It was agreed that AA should produce a list of relevant risk-related disclosures that the Trust expected the Audit Committee to pick up in their scope of work and also those to be picked up by QC and F&amp;IC.</b></p> <p><u>Development Plan Section A2 – Financial Statements</u>  It had been agreed with RB that BS would attend the Annual Accounts audit closedown meeting with External Audit. It was noted that RB, BS and the Chairman would meet after the meeting prior to the accounts being reviewed and signed off by the Trust Board.</p> <p><u>Development Plan Section A3 – Other Assurance Functions</u>  The Committee discussed clarity on the workplan and agenda to confirm strengthened assurance feeds. It was agreed that this was already linked in with QC and F&amp;IC. Since a good Board Assurance Framework (BAF) had been established it now provided the opportunity to review the risks below the BAF, ie those which were not the most significant but which remained significant risks.</p> <p><u>Development Plan Section A4 – Continued Development and Embedding</u>  It was noted that the Trust Chairman had requested that profiles of each of the Board Sub-Committees be prepared and included in a future edition of YAS Matters.</p> <p>The issue of the heavy AC agenda and quality of papers would be discussed later in the meeting but BS was also happy to receive thoughts and suggestions by e-mail of how members would like to see things improve in this area.</p> <p>The role of the AC in the oversight of clinical audit was discussed. It was noted that this was covered under the Quality Committee and Clinical Governance Group agenda items and was within the remit of the Medical Director. It would also be covered in the sub-risks of the BAF.</p> <p>BJ was questioned about the recent Internal Audit review of the BAF process. BJ advised that the review had given significant assurance. The purpose behind the review was to determine whether the process was part of normal business, was dynamic, was regularly updated and that controls were timely and linked with responsibility.</p> <p>SP stated that, although the actions against the gaps were mapped well, other elements of the BAF needed to be more specific.</p>	AA 2014/1
6.0	<p><b>Audit Committee Terms of Reference Review</b>  The AC reviewed the Terms of Reference (ToR) previously amended and circulated by BS to agree any changes or enhancements prior to these being presented to the Trust Board for agreement.</p>	

	<p>RB suggested that the wording in Section 1 point 7 regarding gaining assurance on integrity needs to be reflected later in the document.</p> <p>It was noted that whilst Internal Audit was mentioned, Counter Fraud also need to be included.</p> <p><b>Actions:</b>  <b>It was agreed that clarity needed to be shown when reference to ‘Chairman’ was made (ie whether AC or Trust Chairman).</b></p> <p><b>BS to speak to AA regarding policies for law and code of conduct .</b></p> <p><b>AC members to e-mail further thoughts or suggestions to BS.</b></p> <p>Within Item 6.10 it was noted that obtaining assurance regarding the Trust’s compliance with Standing Financial Instructions (SFIs) and Standing Orders (SOs) was included within the AC terms of reference and workplan for periodic review. It was asked how the AC received assurance at its meetings as to the Trust’s compliance with these.</p> <p>RB confirmed that there were two standing items on the AC agenda reporting any Single Tender Waivers and whether SFIs &amp; SOs had been deviated from.</p> <p>BJ stated that this would require mapping to assure the AC that this was being complied with. Some other organisations required Executive Directors to periodically sign a document to give assurance that these were being adhered to.</p> <p>PD commented that if the Trust was clear about the SFI/SO process then the Level 2 committees should gain assurance regarding compliance with these through their workplans.</p> <p>It was questioned whether the AC needed to receive an enhanced level of assurance as to the Trust’s on-going compliance with SOs and SFIs. BS noted that any benchmarking and tips from Internal Audit (IA) and External Audit (EA) would be helpful.</p> <p>BJ confirmed that delegation levels were looked at through the review of accounts payable etc. and that a substantial part of this was already picked up through the IA report. BJ added that she was happy to map the SFIs/SOs if this would be helpful.</p> <p>It was noted that if an additional or extraordinary AC was thought necessary then the TrustChairman should be consulted.</p> <p><b>Actions:</b>  <b>A final track changed version of the ToR to be circulated for agreement before being taken to Trust Board for approval.</b></p>	<p><b>BS</b> <b>2014/2</b></p> <p><b>BS/AA</b> <b>2014/3</b></p> <p><b>ALL</b> <b>2014/4</b></p> <p><b>BS</b> <b>2014/5</b></p>
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	<p><b>BJ to undertake mapping of SFI/SOs for AC to consider at its next meeting.</b></p> <p><b>BS to discuss with RB/IA further assurance that could be given by the AC to ensure that requirements are being complied with</b></p>	<p><b>BJ 2014/6</b></p> <p><b>BS 2014/7</b></p>
7.0	<p><b>Audit Committee Workplan Review</b> The AC reviewed the draft 2014/15 annual workplan for amendment where necessary and approval.</p> <p>SP advised that the Board Memorandum and Annual Governance Statement should be included as part of the June entry.</p> <p>BS noted that the draft Quality Accounts had been included for review at the March meeting.</p> <p>Losses &amp; Special Payments had been duplicated within the workplan standing items and one should be removed.</p> <p>Cyclical directorate reviews were no longer required.</p> <p>SF advised that the Counter Fraud Annual Report should be included in July.</p> <p>Members Expenses would be reviewed twice a year and BS suggested that more appropriate times for review should be to move them from October and March to July and January, to coincide with the half and full year ends.</p> <p><b>Approval:</b> <b>Subject to the above amendments, the AC agreed to the current version of the workplan being that taken forward for 2014/15.</b></p>	
8.0	<p><b>Risk Assurance Reporting including Board Assurance Framework &amp; Corporate Risk Register</b> SP presented an update to assure the AC of the effective management of corporate risks as at Quarter 2.</p> <p>BS asked SP to explain the criteria for the risks appearing on the Board Assurance Framework (BAF).</p> <p>SP advised that through Trust Board discussion an agreement of top level risks was reached at the beginning of the year. Any emerging risks would be added as and when appropriate.</p> <p>Risks in the register at 12 or above were classed as moderate whilst top level risks rated red would have a combined score of 16 or above.</p> <p>The AC discussed the level of assurance provided by the document.</p>	

	<p>PD advised that operational reports should pick up any emerging risks adding that 'holding to account' sessions would provide the opportunity to probe further.</p> <p>EB confirmed it was on the F&amp;IC workplan twice a year.</p> <p>SP stressed that the Risk Register was a live document so the AC was seeing the update at the point of printing. The previous week had seen a substantial amount of changes when all of the risks were reviewed at the Risk &amp; Assurance Group.</p> <p>EB suggested that it would be helpful for the AC to receive a paper detailing the movements.</p> <p>BS suggested that track changes should be used and left on the BAF when presenting to the AC to give clarity and a better overview of movement.</p> <p>SP advised that a full audit trail was available in the archived version whilst acknowledging that this did lose the thread in the copy being presented to Level 2 committees.</p> <p>JN commented that on BAF page 12 Principal Risk 5 regarding slippage on the Cost Improvement Plan (CIP) did not provide sufficient visibility and would like to see more specific information.</p> <p>EB confirmed that PTS and CIPs were both standing items on the F&amp;IC agenda so regular scrutiny and assurance would be provided at this committee.</p> <p>RB added that further scrutiny, which needed to be filtered up to the Level 2 committees, was given through service transformation meetings.</p> <p>BS questioned target dates for risks on the BAF being achieved.</p> <p>SP advised that these did perhaps need to be a little more explicit with regard to target dates, especially recognising that some deadlines for targets span more than one financial year.</p> <p><b>Actions:</b>  <b>SP to provide track changes on future BAFs being presented to the AC.</b></p> <p><b>SP to provide more explicit information within the document regarding target dates being achieved and highlighting when these span over more than one year.</b></p> <p>The AC noted the update and was assured by virtue of regular detailed scrutiny by the AC and other committees.</p>	<p>SP 2014/8</p> <p>SP 2014/9</p>
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8.1	<p><b>Datix Progress Update Report</b></p> <p>SP provided the update on progress in regard to incidents, near misses and issues/concerns reporting to provide assurance that those incidents were being managed effectively.</p> <p>SP advised that the process was now functional with various modules operating and analysis by management groups.</p> <p>Risk-wise, the risk and assurance process was much clearer, able to articulate what the risks were and how effectively they were being managed. However, work was still required to mirror the process into Director and departmental meetings.</p> <p>BS questioned the process in terms of risk ownership.</p> <p>SP advised that part of the work undertaken by PD and himself in assurance sessions was to deep dive underneath the process to look at how it informed management decisions and how lessons were learned from events, complaints and concerns, adding that incident and near miss reporting was beginning to feel like a stable system.</p> <p>SP advised the AC of the introduction of the Patient Safety Thermometer reporting which was entering its formal launch phase.</p> <p>JN questioned the overview of Road Traffic Collisions (RTCs) in that whilst a percentage was provided it did not clarify the number of vehicles that it was being assessed against.</p> <p>SP advised that the calculation had been provided in the Integrated Performance Report (IPR) and Dashboard.</p> <p>SP asked how frequently the AC would like to receive this update?.</p> <p>BS advised that as this was still in its transitional phase, the AC should continue to receive an update at each of its meetings.</p> <p><b>Action:</b>  <b>SP to provide a DATIX Update to the AC at each meeting.</b></p> <p>BS advised that the AC could take assurance from the scrutiny given by the QC and suggested that the AC accepted the report, noted that DATIX was moving forward and that risk management within the Trust was further improving as a result.</p> <p>The Committee noted and accepted the report.</p>	<p>SP 2014/10</p>
9.0	<p><b>Finance &amp; Investment Committee</b></p> <p>EB presented an update to provide assurance to the AC on the effectiveness of the F&amp;IC in assessing the plans, processes and controls pertaining to financial risk for the organisation.</p>	

	<p>Discussion took place regarding the assurance given by Level 2 committees on the management of relevant risks whilst not providing an assurance statement.</p> <p>SP questioned whether it should be more around F&amp;IC and QC providing assurance statements to the AC rather than SP and RB merely picking out key discussions from the Level 2 committees to present to the AC.</p> <p>EB added that it was always summarised within the minutes where recommendations for further assurance or work is required.</p> <p>NC commented that Level 2 committees should only give assurance that there was a process in place and that the process was being carried out effectively.</p> <p><b>Action:</b>  <b>It was agreed BS/EB/PD/RB/SP should meet to discuss and agree what form of assurance statements should be presented to the AC by F&amp;IC and QC going forward.</b></p>	<p><b>BS/EB/  PD/RB/  SP  2014/11</b></p>
<p>10.0</p>	<p><b>Charitable Funds Committee Risk Assurance Report</b></p> <p>EM verbally updated the AC about progress on activities within the Charitable Funds Committee. The Committee had met immediately prior to the AC meeting and EM confirmed that great progress was being made. This included the appointment of a Fundraiser to assist in increasing donations and fundraising to the charity.</p> <p>The AC noted the update.</p>	
<p>11.0</p>	<p><b>Quality Committee</b></p> <p>PD provided an update providing assurance on the management of key risks within the remit of the QC.</p> <p>Key issues highlighted and considered at the February 2014 meeting included the assessment against new NHS Security Standards for 2014/15. This would be played out through the committee process, defined through the service transformation programme in the coming year and be clear how this was reported against.</p> <p>The Committee accepted the report.</p>	
<p>12.0</p>	<p><b>Integrated Performance Report – Current status including reliability of data</b></p> <p>RB presented a paper to provide the AC with an update about the review and improvements made to the IPR. He stated that ICT continued to work with Cleric on enhancement and improvements to the system.</p>	

	<p>RB and BJ had met and agreed to map the IA work that helped to provide assurance regarding the accuracy and completeness of each IPR. A task and finish group would be established during March 2014 to review the format and content of the IPR based upon best practice from other organisations within and outside of the NHS.</p> <p>EB confirmed that she had passed details of other organisations' IPR documents to help progress this work.</p> <p>BS sought reassurance that adequate assurance would be forthcoming as to the accuracy, completeness and timeliness of future IPRs.</p> <p>RB confirmed that this was the work being undertaken by the task and finish group.</p> <p>The AC noted the report, that good progress had been made and looked forward to receiving an assurance map with the help of IA that will ensure that increased assurance will be available to the AC.</p> <p><b>Action:</b>  <b>The Task &amp; Finish group together with RB/BJ to produce an IPR assurance map for the next meeting.</b></p>	<p><b>RB/BJ/ Task &amp; Finish Group 2014/12</b></p>
<p>13.0</p>	<p><b>Annual Review of Accounting Policies</b></p> <p>RB gave a presentation providing an update on two specific issues:</p> <ul style="list-style-type: none"> <li>• IAS 27/IFRS 10 Consolidated and separate financial statements – Charitable Funds; and</li> <li>• Going Concern Basis.</li> </ul> <p><u>Charitable Funds</u></p> <p>The YAS Charity income currently stood at £27,000 for 2013/14 and therefore this was not classed as material so there was no reason to consolidate.</p> <p>EM asked whether the Trust had missed the deadline for consolidation of the accounts but NC advised that this was reviewed on a yearly basis.</p> <p>EM suggested that the Committee and the Trust Board need to be sighted on this so BS confirmed that he would provide this in his AC report to the Trust Board.</p> <p><b>Action:</b>  <b>BS to include reference to the decision not to consolidate in the AC report to the Trust Board.</b></p> <p>EM stated that she did not want accounting treatments to govern decisions about independence.</p>	<p><b>BS 2014/13</b></p>

	<p>She further stated that the CFC needed a steer on this to inform discussion and agreement and provide understanding.</p> <p>RB added that independence was more around the scale of where the fund was operating.</p> <p><u>Going Concern Basis</u>  RB advised that the Executive Team would be giving consideration to the justification for producing financial statements on a going concern basis in terms of the situation about current and future contracts.</p> <p>BS questioned how far into the future YAS was required to look in assessing the appropriateness of the going concern basis</p> <p>NC advised that going forward this should be further than 12 months ahead, adding that the DoH and Monitor were behind with producing updated guidance on this. NC undertook to issue an update to the AC as soon as the information was received.</p> <p>RB confirmed that draft accounting policies had not changed since last year, with the exception of a few minor changes highlighted in the paper.</p> <p>The AC noted the update.</p>	
13.1	<p><b>Review Annual Accounts Timetable/Plan 2013/14</b>  RB provided this update of the timetable/plan for production of the annual accounts.</p> <p>BS advised that the NEDs will be briefed on the annual accounts by the Senior Finance Team and EA on 29 May and asked if papers would be issued prior to this date. RB advised that draft accounts would be circulated prior to the meeting.</p> <p><b>Actions:</b>  <b>The date the accounts would be available for circulation and the date for review by NEDs with the Senior Finance Team and EA to be included in the timetable.</b></p> <p><b>Dates for the audit close meeting and the meeting between RB, BS and the Trust Chairman are to be factored into the timetable.</b></p> <p>The AC noted the update.</p>	<p>RB 2014/14</p> <p>RB 2014/15</p>
13.2	<p><b>Review Annual Report Timetable/Plan 2013/14</b>  The AC noted the dates for production of the Annual Report contained within the Annual Accounts Timetable/Plan.</p> <p>NC stated that the date for submission to the DH was scheduled for 9 June, acknowledging that the timescale was tight.</p>	

	<p>RB replied that he and Elaine Gibson, the Head of Corporate Communications, were aware of the timings.</p> <p>NC confirmed that following sign off of the Annual Accounts EA would produce their opinion statement to include the Annual Report as long as there was no significant change in the wording.</p> <p>The Committee noted the update.</p>	
13.3	<p><b>Review Business Plan Timetable/Plan</b></p> <p>RB presented an update to confirm the timings of the TDA planning submission including both external and internal timeframes and the work progressing around this.</p> <p>BS noted that a presentation had also been given at a Board Development Meeting (BDM) on 25 February, adding that a presentation on the budget timeline would be presented at the BDM on 11 March.</p> <p>RB confirmed that annual plans had been submitted to the TDA on 5 March.</p> <p>BS stated that the additional F&amp;IC meeting had touched on the need to have sight of, review and challenge the budgets following review by TEG and before review by the Trust Board. There needed to be sufficient planning to allow all these groups sufficient time to review budgets.</p> <p>RB advised that the timeline needed to be worked up to ensure that they were reviewed before the submission deadline of 14 March. If the deadline for the agreement of key contracts was not met then there would be a need to go to arbitration and a fee would be charged for this facility.</p> <p><b>Action:</b>  <b>RB to review plans for the review and challenge of the budgets.</b></p>	<p><b>RB</b>  <b>2014/16</b></p>
13.4	<p><b>Review Draft Quality Accounts</b></p> <p>SP presented the item advising that further development to the document would be made and presented to QC in April.</p> <p>The fact that the document required a 30-day consultation, was the reason why AC had the opportunity for first sight of the draft document prior to it going out to consultation.</p> <p><b>Action:</b>  <b>Additional comments to be emailed to SP as soon as possible.</b></p> <p>The AC noted the draft Quality Accounts.</p>	<p><b>ALL</b>  <b>2014/17</b></p>

14.0	<p><b>External Audit Review: VFM Work for 2013/14 and Foundation Trust Governance Update</b></p> <p>NC attended the AC to present and take any questions relating to the draft Audit Planning Report and the draft Reporting and Governance Requirements Report.</p> <p>BS noted Deloitte’s involvement in reviewing the Quality Accounts. SP advised that, whilst the Trust was not yet required by Monitor to undertake the review, it gave the Trust the opportunity to obtain feedback from EA to ensure it was progressing towards Monitor requirements.</p> <p>NC presented the paper relating to the draft 2013/14 Reporting and Governance Requirements, which had been prepared based on the FT Code of Governance and Annual Reporting Manual. She took the AC through the changes to the Monitor Corporate Governance Code.</p> <p>BS questioned whether AA had received a copy of the document and JW confirmed that this had been included in her pack of AC papers.</p> <p>The AC noted the update.</p>	
15.0	<p><b>Internal Audit Update</b></p> <p>BS noted that the report included a higher volume of information and reports due to the extended internal audit plan.</p> <p>It was discussed and agreed that it would be helpful for a dashboard to be produced to sit at the front of the report which provided an overview of the contents, showing significant and limited assurance opinions and the level of progress against the plan for the year. BS stated that he would like to see assurance that, at whatever stage the outstanding reviews were, there was nothing significant for the AC to be aware of, or alternatively be provided with appropriate details.</p> <p>BJ confirmed that all outstanding reviews had been given significant assurance with the exception of the Fleet review.</p> <p>The issues regarding the Fleet audit were discussed at the last AC meeting and the lengthy delay was due to Paul Webster being the lead on this prior to him undertaking extended duties in his management role. The review, which required further evidence, remained with the service management team but the recommendations were still being acted upon.</p> <p>BS questioned whether IA was on track to deliver in full the 600 day plan for 2013/14. BJ confirmed that the plan was on track although some work would slip into April 2014. However, the majority would feed into the Head of Audit Opinion Statement for 2013/14.</p>	

BJ advised that the only possible area of limited assurance in the audit work for the year yet to be completed would be relating to the review on the Clinical Leadership Framework.

BS questioned how IA ensured that they captured all the relevant risks in each audit review scope.

BJ confirmed that this was at the scoping stage with lead directors, adding that weaknesses from past audits would also be included. BS asked whether any cross-check with the Corporate Risk Register (CRR) was used when planning and carrying out these reviews.

BJ advised that this was the case.

The AC proceeded to review the progress against the IA plan in more detail:

#### ACQIs – Monitoring achievement

PD highlighted the risk and related action regarding inconsistencies between the originating and reported information. Whilst there was no recommended action required it was very important to ensure that the data was accurate.

SP advised that there had been a long running saga of issues with the software for this programme but it was his understanding from the Medical Director that the software functionality had been improved and now provided a more stable system.

#### Business Planning/Management Information – Data Quality & Embedding

Content and progress noted.

#### NICE Guidance

PD pointed out that most NICE guidance did not apply to the Trust.

SP advised that the Trust had a robust process of formal review in Clinical Governance and additional processes in place should further implementation of guidance be required.

#### Absence Management

PD commented that the type of workforce within the Trust such as the NHS 111 staff members who mainly worked part-time gave them the opportunity to undertake work elsewhere. She asked whether this information needed to be captured as a declaration of interest on a secondary employment declaration form.

SP confirmed that a process to disclose secondary employment for staff was being used by HR.

RB added that periodic reminders were sent out via Operational Update regarding this process.

	<p>EB asked what the consequences were if staff chose not to advise the Trust of this.</p> <p>SF advised that staff were not obliged to declare secondary employment.</p> <p>PD stressed the need for the process to be enforced, particularly in areas such as 111 which had a large part time workforce.</p> <p><b>Action:</b>  <b>IB to ensure that secondary employment declaration forms were being completed by staff.</b></p> <p>MW questioned whether the policy, dated October 2010, which was being audited against was current.</p> <p>RB confirmed that a new policy had been implemented within the last two months.</p> <p>MW questioned the timing of the audit in view of this.</p> <p>BS advised that IA needed to take account of any changes when delays occurred and re-scope if necessary.</p> <p><u>Payroll</u>  Content and progress noted.</p> <p><u>Accounts Receivable</u>  Content and progress noted.</p> <p><u>Incidents &amp; Serious Incidents</u>  PD questioned the age of the policy document.</p> <p>SP stated that the key to general incidents was to ensure that the person assigned as the lead was responsible for tracking and closure and that each incident was documented from initial reporting through to closure. Assurance should be gained that the QC oversaw and gave assurance that the process was being carried out correctly.</p> <p><b>Action:</b>  <b>Assurance that serious incidents were correctly tracked should continue to be provided in the update from QC with PD/SP to discuss the issue further outside the meeting.</b></p> <p>PD stated that information about overall trends did not seem to be coming through and questioned whether the Trust was making repeat recommendations that were not being acted upon.</p> <p>SP advised that EOC and falls in transit were being worked upon. PD commented that this was not sufficiently explicit in the report.</p>	<p>IB  2014/18</p> <p>SP/PD  2014/19</p>
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Emergency Operations Centre (EOC) – Compliance with Policies & Procedures

It was noted that EOC had won an award and the judging for this had incorporated the process for compliance with policies and procedures.

ICT Project Management & Controls – ECS Continuous Testing (2<sup>nd</sup> report of 3)

BS noted that the audit report provided insufficient assurance.

RB would pick up the audit recommendations with the ICT management team.

BJ advised that another report and recommendations will be due soon.

**Action:**

**RB to pick up ICT Project Management & Controls Audit report recommendations with the ICT Management Team.**

**RB  
2014/20**

MW left the meeting at 1600 hours.

Fleet – Medical Device Management

BS noted that the re-audit showed significant improvement in the area although there was still work to undertake and a discussion took place regarding the potential to utilise radio tracking technology and the costs of implementation.

Follow-up work

BJ gave an overview of follow-up work being undertaken on previous audits.

BS questioned what caused the delays in these being undertaken and reports coming back to AC.

BJ advised that it was difficult to pin down one specific reason.

BS asked whether anything could be done differently to alleviate the delays.

BJ replied that, rather than waiting for e-mail responses, IA were now being more pro-active in chasing responses.

EB asked whether the delays could be flagged up on the dashboard for review.

BJ advised that she didn't want the dashboard to be too complicated but any major delays could be flagged. It was suggested that interim reporting could be provided to the AC when delays occurred.



BS commented that whilst the review had concluded in November 2013, it had taken some time to come through to AC for review.

PD noted that the audit had not provided any key information about which she was not already aware.

SP advised that the timing issue was to ensure that this was built into the process for 14/15.

PD highlighted the incorrect notion of some staff thinking that the Trust received monies for CQUIN income irrespective of whether the CQUIN was achieved or not.

RB advised that the senior management team were aware of this.

#### ICT Programme Management

BS highlighted that there had been changes in the senior management of ICT since the audit began, adding that the AC would be interested to see how the 200 projects/actions had progressed since that time.

EB asked when the follow-up would take place and BJ advised that this would take place early in the new financial year.

#### PTS Patient Reception Centres & Liaison Offices

It was noted that an executive summary would be helpful to focus the reading and highlight important issues arising.

PD questioned whether staff were using PDAs in the correct way.

EB queried how much of the issues were due to staff turnover.

BJ advised that there was no clarity on what expectations were and that a number of things had contributed towards to the results.

It was noted that implementation of recommendations was scheduled for the end of March which appeared to be a tight deadline therefore management agreement on the deadlines should be sought.

There were two audit reports with no assurance level grading.

- PTS Patient Reception Centres (PRC);
- Fuel Cards.

#### PTS Patient Reception Centres

BJ advised that the PRC patient reception centres audit was requested to feed into Trust processes and be used as benchmarking in North West.

BS questioned whether the PRC really required an assurance level.

PD advised that this was not YAS' estate or property but would be picked up through the QC.

**Action:**

**RB to report outcome of audit back into TEG.**

**RB  
2014/24**

BJ added there will be other pieces of work for next year will also be undertaken on an advisory basis.

Fuel Cards

The Fuel Cards audit was an advisory spot check of which RB had been aware, although the auditor had turned up unannounced.

BS noted that this area was improving although there were still issues to resolve.

BJ stated that when people knew about checks taking place, this could act as a deterrent.

With regard to the fuel contract RB stated that more onus was being placed on using bunkered fuel with 60% of the Trust's fuel now be used from bunkered stock.

Internal Audit Plan

BS noted the three year IA plan and that the first year appeared to be on track for successful completion, with some senior management requesting extra pieces of work being undertaken.

BJ confirmed that she had issued an updated version of the Internal Audit plan by e-mail. There would be some further refinement as information was received from other Executive Directors prior to the final version being presented to TEG on 19 March. It was noted that some audits would start before final agreement had taken place.

PD advised that one of the areas to be considered should be clinical and professional leadership and requested that this be kept in the plan for 2015/16.

BS commented on the recent changes in ICT and suggested that this would probably drive a requirement for some additional audit activity, which would include reviews to assess the risks and controls associated with ICT 'commercial' activities..

The Committee noted and approved the IA plan for 2015/16.

Proposed Counter Fraud Plan Coverage 2014/15

BS noted the plan was clear, consistent with previous discussions and showed the interlink between Counter Fraud (CF) and IA.

The Committee noted and approved the Counter Fraud Plan for 2015/16.

15.1	<p><b>Counter Fraud Update</b> SF presented the Counter Fraud update. Within the Action Log, the AC had requested that lessons learned should be built into future update reports.</p> <p>SF advised that through their investigation work with HR colleagues, there were a number of similar cases recurring. Benchmarking with other trusts showed broad consistency, with a similar number and type of investigations. There were not a high number of prosecutions but by sharing information with staff, the Trust was showing that it dealing with issue, which should act as a deterrent.</p> <p>BS questioned whether an investigation that led to a dismissal or prosecution could be communicated to staff to highlight this.</p> <p>SF advised that he and RB did include information in a newsletter but names were always anonymised.</p> <p>PD commented that timesheet fraud highlighted management issues as timesheets were not being checked appropriately.</p> <p>BS thanked SF for the update report and congratulated him on the good standard of the work he produced.</p>	
16.0	<p><b>Compliance with Audit Recommendations</b> RB updated the AC on the status of outstanding audit and counter fraud recommendations.</p> <p>The AC noted the update and was happy with progress made on the recommendations.</p>	
17.0	<p><b>SFI Waivers &amp; Contract Award Activity</b> RB presented a paper to provide assurance on:</p> <ul style="list-style-type: none"> <li>• contracts that had been let;</li> <li>• purchase orders raised over £100,000; and</li> <li>• SFI Waivers signed since the last AC.</li> </ul> <p>BS confirmed that these had all received F&amp;IC and Trust Board scrutiny and sign off.</p> <p>RB added that a signed version of the SFI Waiver for Bluelight had not been included in the pack, adding that this was on file centrally.</p>	
18.0	<p><b>Members Expenses</b> The AC was provided with an update of members' expenses to the end of Quarter 3 (end December 2013). Members were reminded to claim their expenses in a timely manner in order that the report to AC gave a true and up to date reflection of expenses claimed.</p> <p>The AC noted the information.</p>	

19.0	<p><b>Losses &amp; Special Payments</b> The AC noted the schedule of losses and special payments up to end January 2014. It was further noted that, according to the ToR, it was not the role of the AC to approve those payments but to note and challenge as appropriate.</p> <p><b>Action:</b> <b>The cover sheet for the Losses &amp; Special Payments paper to be amended to state that the AC should discuss, gain assurance and challenge as appropriate but not approve.</b></p> <p>NHSLA damages and legal costs were questioned. AR confirmed that the Trust was liable to pay an excess so the maximum for any one claim would be £5000, adding that this was the first time that the amounts detailed had been netted and a refund due.</p> <p>The AC noted the information.</p>	RB 2014/25
20.0	<p><b>Review of Register of Members' Interests</b> The AC noted the Review of the Register of Members' Interests and were assured as to the changes to the Trust's Register of Interests for Trust Board members up to the end February 2014.</p> <p>JN advised that he had spoken to JK regarding his status and dates of his employment as a self-employed Financial Adviser.</p>	
22.0	<p><b>Review of Meeting Actions &amp; Quality Review of Papers</b> BS asked AC members to reflect on the meeting and to send thoughts and suggestions to him in an e-mail detailing any improvements that they believed could be made.</p> <p>PD commented that when appendices to papers were lengthy an executive summary highlighting the key points would be very helpful.</p>	
	<p><b>Any Other Business</b> BJ advised that a pre-meet would be helpful to discuss inclusions in the Annual Governance Statement (AGS).</p> <p><b>Action:</b> <b>BS, BJ &amp; RB to liaise re the AGS and how to ensure that NEDS had sufficiently early sight of the draft.</b></p> <p>BS thanked all those attending and those involved in the production of the papers for the meeting. The meeting closed at 1657 hours.</p>	BJ/ RB/BS 2014/26

**CERTIFIED AS A TRUE RECORD OF PROCEEDINGS**